

# INDIANA



## Farm Service Agency

Indiana State Newsletter • July 2004 • John D. Nidlinger, SED

Dear Friend,

Welcome to our latest edition of the Indiana Farm Service Agency State Newsletter. We are excited about the future of Indiana Agriculture and the opportunity to serve each of you. We continue to make major advancements in our electronic capabilities. We are in the process of replacing our old Farm and Home Plan with a web based Farm Business Plan (Web Equity Manager). Not only will the Web Equity Manager be a convenience to producers, but it will enhance our ability to communicate with our Banking customers. With Web Equity Manager, our analytical capabilities of farm loans are brought to a level widely adopted by the private banking industry.

We are continuing the task of digitizing all farm and field boundaries in the state. We currently have completed digitization at 42 of the 92 counties. We expect to finish this project in 2005. Counties that have been completed are in the process of inviting producers in the office to certify the new digitized maps for their individual farms. This completed product will serve as the basis for all future programs and will allow you to access the maps of your fields on line in the future.

Inside this newsletter you will find an article concerning the Customer Statement. With the Customer Statement you now have the ability to obtain financial information at any time concerning your farm. I encourage you to obtain your password soon and explore this new endeavor.

We hope you find these changes helpful in the management of your farm. We will continue to strive to make changes that enhance our ability to serve you as efficiently as possible.

Most of all, I want to thank you for producing the most affordable and safest food supply in the world.

**John D. Nidlinger**

Executive Director  
Indiana Farm Service Agency

**DID YOU KNOW  
INDIANA RANKS  
IN THE NATION...**

- 5th-Corn for Grain
- 4th-Soybeans
- 4th-Peppermint
- 1st-Ducks
- 5th-All Hogs



# Acreage Reports

Producers who participate in the Direct and Counter-Cyclical Program (DCP), or request a commodity loan or LDP, will be required to annually report all crops planted or those growing on the participating farms. The total DCP cropland acreage reports are required for program participation in 2004 and subsequent years.

Farmers are being reminded that less than a month remains to get their 2004 crops and acreages recorded at their local Farm Service Agency (FSA) office. Most FSA program participation depends on accurate acreage reports that list the current crops in their respective fields. Small grains like wheat and oats should have been reported by May 31, 2004 in the southern half of the state, while all other crops in the state need to be reported by July 15, 2004. If you are located in central Indiana, please contact your local office to determine the date that applies to you for small grains. If you have a crop that has not been planted by the final reporting date, then, to be timely filed, this acreage must be reported by 15 calen-



dar days after planting is completed. All planted acreages must be reported by the final reporting date. Producers with Noninsured Assistance Program (NAP) crops should also contact their local office to determine the proper certification deadline. Producer assistance offered by USDA, often requires current and historical farm data, to determine future program eligibility. Mapped and recorded crop acreages are also used to calculate the amount of financial assistance producers can receive through various programs.

## Committee Elections-Take an Active Role

FSA's relationship with farmers and ranchers goes back to the 1930s. At that time, Congress set up a unique system under which Federal farm programs were to be administered locally. Farmers and ranchers who are eligible to participate in these programs elect a three- to five-person county committee, which reviews county office operations and makes some of the decisions on how to apply the programs. This grassroots approach gives farmers and ranchers a much-needed say in how Federal actions affect their communities and their individual operations. After more than 60 years, it remains a cornerstone of FSA's efforts to preserve and promote American agriculture.

Producers can find and obtain nomination forms and fact sheets at the following Internet site.

<http://www.fsa.usda.gov/pas/publications/elections/>

## Attention Producers, Landowners!

- ✓ Do you intend to clear timber areas to create or to expand existing crop areas?
- ✓ Are you converting a pasture field into a crop field?
- ✓ Are there any areas on your farm(s) that you are considering cropping that have not been cropped in recent years?
- ✓ Is there a wet spot in a field that you want drained to make cropping easier?
- ✓ Are you disturbing a wildlife habitat area of any type?

- ✓ Are you doing anything different on your farm(s) this year?

These are Highly Erodible and Wetlands provision questions that need to be considered each year by producers to assure that they may remain eligible for USDA benefits. If you have any questions or concern that something you plan to do on your farm could jeopardize your eligibility for benefits, please contact your FSA or NRCS representative before you begin work.





# Grassland Reserve Program

USDA has published the Grassland Reserve Program interim final rule and can now implement the program to help landowners restore and protect rangeland, pastureland, shrub land and other grasslands as well as those needing rehabilitation.

This fiscal year, USDA is providing \$54.2 million in financial assistance to GRP participants. This voluntary conservation program promotes the nation's grasslands, which provide significant ecological benefits and enhance the quality of our environment.

The program is implemented through the cooperative efforts of the Farm Service Agency, Natural Resource Conservation Service and the Forest Service.

Applications for GRP may be filed at any time throughout the year by visiting either an FSA or NRCS office.

Producers have the choice of an easement or rental agreement. Easements can be permanent or have a 30-year duration. Rental agreements are shorter-term plans of 10, 15, 20 or 30 years in length.

Easement reimbursements are based on an appraisal of the land's fair mar-



ket value minus the grazing value. Rental values, on the other hand, are set as a percentage of the grazing value of the land.

Funding for grassland restoration is also available for easement or rental situations.

All landowners with a clear title to privately owned lands and landowners or operators with evidence of lifetime control of grassland acreage can submit an application for GRP participation.

Protecting grasslands contributes to the economy, provides biodiversity of plant and animal populations and improves the general quality of the environment.

For more information about GRP or other conservation programs, contact FSA county office staff or look online at <http://www.nrcs.usda.gov/programs/grp>.



## Burley Tobacco Harvested in 2004 Calendar Year!!

Some producers have inquired as to whether or not a crop of burley tobacco harvested in calendar year 2004 could be marketed before the end of the 2003 marketing year (September 30, 2004) and have the sale of this tobacco applied to the 2003 marketing card for the farm. Washington personnel first said it would be permissible

and then later said it would **NOT** be permissible.

Any producers that acted on previous advice of the Agency may be eligible for relief. They must request relief on form FSA-321 by July 15, 2004. Contact your local FSA Office for complete details.



## Spousal Signatures

Husbands and wives may sign documents on behalf of each other for FSA and Commodity Credit Corporation programs in which either has an interest. This option is automatically available unless a written request for exclusion is made to the county office by either spouse.

There are exceptions to the rule. Spouses may not sign FSA-211s on behalf of each other or sign on behalf of the other as an authorized signatory for partnerships, joint ventures, corporations or other similar entities. Spouses must have a power of attorney on file or sign personally for claim settlements, such as promissory notes, and on security documents for price support loans.

Individual signatures are also required on certain Farm Loan Program and Farm Storage Facility Loan documents.

A spouse's authority to sign documents on behalf of the other spouse does not entitle the spouse to review or receive agency records of the other spouse.

## Reminder

FSA CAN ACCEPT SIGNATURES SUBMITTED BY FAX IF...

- FSA-237 is completed, signed, witnessed and filed in person with FSA before the document is faxed.
- The program document can be accepted by fax.
- All other signature requirements are met.

# Marketing Assistance Loans, LDPs

Marketing assistance loans and loan deficiency payments can mean the difference between a good year and a not-so-good year. With that in mind, it is important to comply with the rules.

To be eligible for loans and LDPs, you must comply with conservation and wetland protection requirements; report how you use cropland acreage on the farm; have beneficial interest in the commodity on the date the loan or LDP is requested and, in the case of a loan, retain beneficial interest while the loan is outstanding; and ensure that the commodity meets CCC minimum grade and quality standards.

Beneficial interest means you retain the ability to make decisions about the commodity; are responsible for loss or damage to the commodity; and have title to the commodity. Once beneficial interest in a commodity is lost, the commodity is ineligible for loan or LDP—even if you regain beneficial interest.

For commodities to be eligible for loans or LDPs, they must have been produced by an eligible producer, be in existence and in a storable condition and be merchantable for food, feed or other uses as determined by CCC. The quality of the commodity in farm storage must be maintained throughout the term of the loan.

Loans mature 9 months after the

month in which they are disbursed. Loans can be issued on commodities as soon as it is harvested. The final date to obtain loans on 2004 harvested commodities is March 31, 2005 for small grains and May 31, 2005 for feed grains.

Starting with the 2003 crop, individuals and entities whose previous 3-year average adjusted gross income, or AGI, exceeds \$2.5 million are ineligible for LDPs and market loan gains unless they can show that at least 75 percent of their AGI comes from agriculture.

The 2002 Farm Bill set limits on payments a “person” can receive. The total of LDPs and market loan gains received by a producer is limited to \$75,000 for each crop year. That means \$75,000 for wheat, corn, grain sorghum, barley, oats, soybeans, and other oilseeds; and, \$75,000 for wool, mohair and honey.

You do not have to participate in the Direct and Counter-Cyclical Program to be eligible for loans or LDPs.



Violating provisions of the loan and LDP program may trigger administrative actions, such as assessing liquidated damages, calling the loan and denial of future farm-stored loans and LDPs.

The most common violations are removing or disposing of a commodity being used as loan collateral without prior authorization and providing an incorrect quantity certification.

## Reminder

Applying for a loan or LDP...

You must retain beneficial interest in the crop.

### USDA Nondiscrimination Statement

The U.S. Department of Agriculture (USDA) prohibits discrimination in all its programs and activities on the basis of race, color, national origin, sex, religion, age, disability, political beliefs, sexual orientation, and marital or family status. (Not all prohibited bases apply to all programs.) Persons with disabilities who require alternative means for communication of program information (braille, large print, audiotape, etc.) should contact the USDA's TARGET Center at (202) 720-2600. To file a complaint of discrimination, write USDA, Director, Office of Civil Rights, Room 326W, Whitten Building, 1400 Independence Avenue, SW, Washington, D.C. 20250-9410, or call (202) 720-5964 (voice or TDD). USDA is an equal employment opportunity employer.

### Unauthorized Disposition

If loan grain has been disposed of through feeding, selling or any other form of disposal without county office approval, it is considered unauthorized disposition. The financial penalties are severe and a producer's name will be placed on a loan violation list for a two-year period. Always call the office before any loan grain is fed or sold.



# Payment Eligibility and Limitation

For most programs administered through FSA, the individual, entity, or entity member is not eligible to receive program benefits if the average adjusted gross income exceeds \$2.5 million and less than 75% of your average adjusted gross income is derived from farming, ranching or forestry operations. USDA payments and benefits are subject to payment eligibility and limitation provisions. Although annual filings are not required, documents used to determine eligibility are reviewed annually. It is each participant's responsibility to report changes in his or her operation that could affect eligibility and/or limitation. These changes include renting a new farm, giving up a farm, buying or selling land or other changes. In addition, entities such as corporations, limited liability companies, trusts and estates are required to provide names, addresses, and ID numbers of members, and notify FSA of interests as of April 1 and whenever member interests change.

Other payment eligibility and limitations requirements to consider include:

- The producer or county committee may initiate payment eligibility and limitation determinations.
- All producers are subject to end-of-year reviews to ensure operations are completed in the manner provided on the farm-operating plan.
- Spouses may be considered separate 'persons' if the determination is requested and applicable requirements are met.
- A determination of 'not actively engaged in farming' results in ineligibility for payment.
- Adjusted gross income certifications must be made for payment eligibility for most programs.

Following are programs requiring payment eligibility or limitation determinations, including the maximum payment limitation:

Commodity(s)/ Crop(s)	Program/ Payment Type	Program Year Limitation
Wheat, barley, oats, corn, grain sorghum, soybeans, minor oilseeds	Direct and Counter-Cyclical Programs (DCP), direct payment	\$40,000
	DCP counter-cyclical payments	\$65,000
	Loan Deficiency Payments (LDP) & Market Grains	\$75,000
Wool, mohair, and honey	LDP & Market Grains	\$75,000
Conservation Reserve Program (CRP)		\$50,000
Noninsured Crop Disaster Assistance Program (NAP)		\$100,000
Trade Adjustment Act (TAA)		\$10,000 (may be adjusted downward if DCP counter-cyclical payment are received)
Environmental Quality Incentives Program (EQIP)		\$450,000 in aggregate for all contracts for FY 2002-2007



## What is Continuous CRP?

The Continuous Conservation Reserve Program (CRP) is a private-lands environmental improvement program that allows participants the opportunity to enroll acreages in conservation practices that will reduce soil erosion, improve water and soil quality and provide wildlife habitat and food sources.

The Continuous CRP program is a voluntary enrollment program. Eligible landowners enter into contracts that range from 10 to 15 years in length. In return, the landowners may receive annual rental and maintenance payments, incentive payments for certain activities, and cost share for establishment.

To be eligible for enrollment in the Continuous CRP program, participants and acreage must meet certain eligibility requirements. Provided the eligibility requirements are met, FSA will automatically accept enrollment of acreage into Continuous CRP. Landowners may enroll in the program at any time during the year.

For more information on Continuous CRP enrollment, please contact your local FSA office or visit <http://www.fsa.usda.gov/pas/publications/facts/html/crpcont03.htm>.



# Farm Loan

## New Farm Business Plan to be Launched in 2005

FSA borrowers who have used the old Farm and Home Plan will soon trade it in for more modern technology that will save them time and energy. Starting in 2005 FSA borrowers will use the new Farm Business Plan, and Internet-based system that will replace the Farm and Home Plan and allow FSA to provide faster and more efficient service to producers. Producers in Indiana can expect to have Farm Business Plan available to them electronically by October 1, 2004, at which time they will no longer be able to access the old Farm and Home Plan.

Using the internet, producers will be able to fill out and submit their Farm Business Plans to county offices from their homes or offices, 24 hours a day, 7 days a week. FSA will make alternative arrangements for those producers who do not own or have access to computers.

The Farm Business Plan will allow borrowers to document cash flow, expenses, assets, debts, and other important financial information. The information is shared with FSA farm loan officials or guaranteed lending partners who track the success of a

The Farm Service Agency has various loan programs available to eligible farmers who operate family-size farms. Through both our guaranteed and direct loan programs, we are able to assist farmers who are temporarily unable to obtain private or commercial credit. Eligible applicants must have had recent farming experience and acceptable credit history. These programs may be of assistance to beginning farmers who have farmed less than 10 years and/or established farmers. FSA loans can be tailored to a producer's needs. All applicants must have adequate debt repayment ability and sufficient collateral once the loan is closed.

### Farm Ownership (FO) Loans

Eligible applicants may obtain direct loans up to a maximum indebtedness of \$200,000 and up to \$762,000 for guaranteed loans. The maximum repayment term is 40 years; however, most guaranteed loans do not exceed 25 years. Loan funds may be used to purchase farm real estate, to enlarge an existing farm, or to construct new

farm buildings and/or improve structures, and to improve the environmental soundness of the farm.

Direct FO loans may only be used to refinance a short term bridge loan that was obtained after the direct FO loan was approved and for which FSA funds were unavailable. Guaranteed FO loans are less restrictive in refinancing existing debts.

### Youth Loans

Through the Youth Loan program, we can assist eligible rural youth with loans to establish and operate an income-producing project in conjunction with 4-H, FFA or another supervised youth program. Youth Loans provide an excellent opportunity for youths to establish their own farming operation, while at the same time helping them to learn financial management and build a solid credit history. Youth loans can be used to raise a small crop, purchase cattle or equipment, or start a new enterprise (such as lawn mowing). To be eligible, the individual must be between the ages of 10 and 20, just have the

borrower's business by computer to see how the producers is progressing toward the goal of graduating to commercial credit. In addition the system allows borrowers to evaluate their own short-term and long-term plans and goals, as well as assess efficiency and

demonstrate credit worthiness to lenders. Stay tuned for more details.

## AFIDA

The Agricultural Foreign Investment Disclosure Act (AFIDA) requires foreign investors who acquire, transfer, or hold interest in U.S. agriculture land to report these holding and transactions to the Secretary of Agriculture through FSA. Reports are due within 90 days of the transaction or change in status. Failure to report could result in a fine of 25% of the property's value.

# Programs

permission of their parents, and the recommendation of a project advisor. Loan maximum is \$5,000 per person for 7 years.

## ***Socially Disadvantaged Loan Program***

FSA reserves funds to make loans to socially disadvantaged applicants to buy and operate family-sized farms. Socially disadvantaged groups have been defined as women, Hispanics, Native Americans, African Americans, Asians, and Pacific Islanders.

Individuals, partnerships, joint operations, and cooperatives primarily and directly engaged in farming on family-sized operations may apply for any of the above loan programs.

## ***Farm Operating Loans***

Eligible applicants may obtain direct loans up to a maximum \$200,000, and guaranteed loans up to a maximum indebtedness of \$762,000. Loans for annual operating expenses are generally repaid within 12 months or when the commodities produced

are sold. Operating loans may also include uses such as the purchase of livestock, machinery and equipment, real estate repairs, and refinancing debt. These types of loans are for a period of 1 to seven years, depending on the life of the security.

## ***Emergency Loans***

Emergency loans help producers recover from production and physical losses due to drought, flooding, other natural disasters, or quarantine. Some 40 counties in Indiana are eligible for EM loans for production and physical losses due to severe storms, tornadoes, and flooding in 2004. Producers who suffered a 30% production loss in any one commodity may qualify for a low interest emergency loan. Check with your local FSA office for counties included in this or any other designation.

## ***June Loan Rates***

Operating Loans-3.5%  
Ownership Loans-5.5%  
Emergency Loans-3.75%



***Need Additional Space for Grain?***

## ***Farm Storage Facility Loans***

Low cost loans for storage facilities are available for producers to build or remodel farm storage facilities for a variety of commodities, including wheat, rice, soybeans and corn. The interest rate changes each month. The current rate is 4.25 percent.

The seven-year Farm Storage Facility Loans are available for the purchase and installation of eligible storage facilities, permanently affixed drying or handling equipment, or remodeling existing facilities. Eligible facilities include new conventional-type cribs or bins and new and remanufactured oxygen-limiting and other upright silo-type structures.

All farm storage facility loans are secured by a promissory note and security agreement. The maximum amount that may be borrowed is 85 percent of the net cost of the storage or handling equipment, up to \$100,000 for each borrower. A minimum down payment is also required. For details, contact the county office staff.

## ***Ewe Lamb Replacement and Retention Program***



A new sheep program will soon help re-establish producers' purchasing power while enhancing the competitiveness of the domestic lamb and sheep industry. The Ewe Lamb Replacement and Retention Program will pay producers \$18 per head for ewe lambs purchased or retained during August 1, 2003 through July 31,

2004. Producers must also retain the qualifying ewe lambs in the flock for at least one complete lambing cycle. Producers should keep records such as sales receipts as proof of purchase and retention as well as veterinarian certifications as proof of ewe lamb characteristics and scrapie program forms. Additional program record requirements and other details are available through our office.

***A sign-up date has not yet been announced for this program.***

## ***Minority and Socially Disadvantaged Farmer Assistance***

The Farm Service Agency has established the office of Minority and Socially Disadvantaged Farmers Assistance to work with minority and socially disadvantaged farmers who have concerns and questions about loan applications filed with local offices.





## Dates to Remember

**July 15, 2004** .....Final date to certify  
Feed Grains in Indiana

**August 11-22, 2004** ...Indiana State Fair

**September 3, 2004** .....Final date to  
accept nomination forms for COC  
Elections

**September 6, 2004** .....Offices closed for  
Labor Day

**October 11, 2004** .....Offices closed for  
Columbus Day

**December 6, 2004** ...Final date to return  
completed ballots for COC Elections



The Farm  
Service  
Agency has  
launched a  
new Web  
tool to

help producers track their participation  
in farm programs. The new Customer  
Statement allows producers to view  
participation and application status for  
conservation programs, program pay-  
ments, farm loan information, and  
more.

Access to the Customer Statement is  
available to all USDA customers. In  
order to insure personal identity, a pro-  
ducer must first register on line for a  
USDA ID. The online process creates  
a user ID and password confirming an  
email address. The ID will be an

important identifier as USDA begins  
to link more customer data from agen-  
cies across the department.

To view a Customer Statement, visit  
[www.usda.gov](http://www.usda.gov) and click on the  
Customer Statement button.

## Why is e-File Important?

**Convenience**—The Internet  
allows you access to information 24  
hours a day and 7 days a week. For  
example, you can fill out and submit  
electronic forms (eforms) any time of  
the day or night from your home or  
office.

**Faster Processing**—This new  
service delivery option allows you to

complete and file your own forms or  
applications online.

**Identity Security**—Information  
submitted to the federal government  
remains safe and secure because you  
have a unique User ID and password  
and only authorized USDA employees  
can access your information.

## Reminder

FARM SERVICE  
AGENCY EMPLOYMENT  
OPPORTUNITIES

Check out employment opportunities  
with the FARM SERVICE AGENCY  
at the following  
<http://www.usajobs.opm.gov>